

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MUSKET CORPORATION,

Plaintiff,

- against -

PDVSA PETROLEO, S.A., a/k/a PDVSA
PETROLEO Y GAS, S.A., and ADVANCED
ENGINEERING DEVELOPMENT LTD.,

Defendants.

Civil Action No.
06 CV 15522 (VM)

**DECLARATION IN SUPPORT
OF PLAINTIFF'S MOTION TO
EXTEND TIME TO SERVE
PROCESS UPON DEFENDANT
PDVSA**

JOHN J. REILLY hereby declares the following to be true under penalty of perjury:

1. I am a member of the bar of this Court and am a member of the firm of Holland & Knight LLP, attorneys for plaintiff Musket Corporation ("Musket"). I make this declaration in support of plaintiff's motion, pursuant to Rule 64 of the Federal Rules of Civil Procedure and N.Y. Civil Practice Law and Rules Section 6213, to extend the time by which the Summons and Complaint shall be served upon defendant PDVSA Petroleo, S.A. (a/k/a PDVSA Petroleo y Gas, S.A.) ("PDVSA"). I am fully familiar with the facts and circumstances stated below.

2. Upon information and belief, PDVSA is a corporation which is organized under the laws of the Bolivarian Republic of Venezuela and is domiciled in Caracas, Venezuela.

3. This Court granted plaintiff's *ex parte* motion for an attachment order on December 28, 2006. Pursuant thereto, plaintiff attached funds of PDVSA held at JPMorgan Chase Bank in New York in excess of \$1.5 million.

4. At the hearing held before the Court on January 5, 2007, PDVSA appeared by counsel, and, *inter alia*, requested and obtained an extension of time to answer the Complaint.

5. Later in January 2007, we asked counsel for PDVSA if they would accept service of process for their client. Initially we were told that this "should not be a problem" but that they would let us know. We have discussed this with PDVSA's counsel on more than one occasion (as recently as last week) and we have been told again that they will let us know.

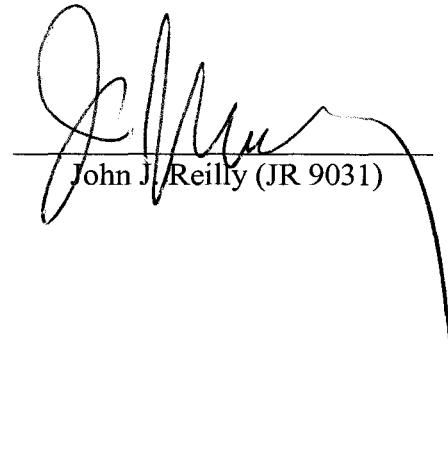
6. Given the delay in a response to our request, pursuant to Rule 4(f) of the Federal Rules of Civil Procedure, we have instituted service of the Summons and Complaint via the Convention on the Service Abroad of Judicial and Extrajudicial Documents in Civil or Commercial Matters dated November 15, 1965 (the "Hague Service Convention"), by means of an international process service called Process Forwarding International.

7. I am advised that the Summons and Complaint, together with Spanish translations thereof as required, have been delivered to the Venezuelan authorities for service on PDVSA pursuant to the Hague Service Convention. However, service has not been completed, and we are advised that service can take as long as one year to be completed. Therefore, Musket seeks an order extending the time to complete service, in order that the attachment order may remain in place pursuant to CPLR § 6213.

8. Attached hereto as Exhibits A and B are the Affidavits of Ravi Ramdas which were submitted in support of plaintiff's motion for an *ex parte* attachment order and in support of its motion to confirm the attachment order. These affidavits are provided simply to set forth the background facts concerning the action and the attachment motion.

WHEREFORE, plaintiff respectfully requests that the Court issue an order extending the time to complete service of process upon PDVSA for an additional 60 days, with leave to seek further extensions of the time to serve as may be necessary.

Dated: New York, New York
February 26, 2007



John J. Reilly (JR 9031)

4286607_v2

Exhibit A

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MUSKET CORPORATION,

Plaintiff,

- against -

PDVSA PETROLEO, S.A., a/k/a PDVSA
PETROLEO Y GAS, S.A., and ADVANCED
ENGINEERING DEVELOPMENT LTD.,

Defendants.

O6CV 15522
J. MARLES
Civil Action No.

AFFIDAVIT IN SUPPORT
OF APPLICATION FOR
ORDER OF ATTACHMENT

STATE OF OKLAHOMA)
: ss.:
COUNTY OF OKLAHOMA)

RAVI RAMDAS, being duly sworn, deposes and says:

1. I am employed by plaintiff, Musket Corporation ("plaintiff" or "Musket"), as Basis Trading Manager. I make this affidavit in support of plaintiff's application for an order of attachment, permitting the attachment of the proceeds of a Letter of Credit drawdown. I am fully familiar with the facts and circumstances stated below.

2. I respectfully refer the Court to the Complaint which Musket has filed in this action, and I hereby incorporate by reference the allegations in the Complaint.

3. As shown in the Complaint, Musket entered into an agreement with defendant Advanced Engineering to buy a cargo of oil from PDVSA, which is the state-owned Venezuelan oil producer (and the owner of Citgo). The contract required Musket to pay the lion's share of the purchase price to defendant PDVSA. As a security device, Musket was obligated to, and did, establish a Standby Letter of Credit ("LOC") with JPMorgan Chase Bank N.A. in favor of

PDVSA, to cover the purchase price. However, that letter of credit, by its terms, was not to be used in the event that payment was made by Musket.

4. Musket has paid in full for the delivery of oil, in accordance with the terms of the agreement with Advanced Engineering. However, we understand that defendant PDVSA has presented a drawdown request on the LOC to JPMorgan Chase in an amount in excess of \$1.5 million above and beyond that which Musket was obligated to pay.

5. We understand that PDVSA has presented the required documents to the bank and that payment has not yet been made but will likely take place on the morning of Friday, December 29, 2006. Therefore, an order of attachment is urgently required, so that the funds of PDVSA will not be disbursed by the bank.

6. We have placed the defendants on notice, in writing, of our objection to any drawdown of the LOC. Neither of the defendants has responded to our notice.

7. There are no known counterclaims.

Ravi Ramdas 28 Dec '06
Ravi Ramdas

Sworn to before me this
28th day of December, 2006

Nancy E. Ballister
Notary Public



4270560_y1

g f / 1 / 1 / 4 / 8

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

MUSKET CORPORATION,

Plaintiff,

- against -

PDVSA PETROLEO, S.A., a/k/a PDVSA
PETROLEO Y GAS, S.A., and ADVANCED
ENGINEERING DEVELOPMENT LTD.,

Defendants.

Civil Action No.
06 CV 15522 (VM)

**AFFIDAVIT IN SUPPORT
OF MOTION TO CONFIRM
ORDER OF ATTACHMENT**

STATE OF OKLAHOMA)
: ss.:
COUNTY OF OKLAHOMA)

RAVI RAMDAS, being duly sworn, deposes and says:

1. I am employed by the plaintiff, Musket Corporation (“plaintiff” or “Musket”), and make this affidavit in support of plaintiff’s motion to confirm the Order of Attachment entered on December 28, 2006. I am fully familiar with the facts and circumstances stated below.

2. I respectfully refer the Court to my prior affidavit sworn to on December 28, 2006, as well as the Complaint. The purpose of this affidavit is to amplify the papers previously submitted by plaintiff, so that the Court has a more complete understanding of the underlying transaction at issue, and to address certain documents which I am advised were presented to the Court by counsel for defendant PDVSA Petroleo S.A. (“PDVSA”) during a conference held in this matter on January 5, 2007.

3. At the outset, I wish to emphasize that there should be no dispute about the value of the cargo of oil which plaintiff agreed to purchase. The agreed price, as evidenced by the contract terms, was (i) the average market price for the dates Nov. 13-15, 2006 which was

\$68.1552 per US barrel (which equals \$1.6227 per US gallon, or \$502.486 per metric ton), times (ii) the actual quantity of the shipment, as determined at the destination port, which was 263,123 US barrels when discharged on December 10, 2006 (equal to 35,688.94 metric tons). See Contract (Complaint, Exh. 1). This yields a purchase price of \$17,933,192.57.

4. Plaintiff has paid this amount in full. Annexed hereto as Exhibit 1 is the wire transfer record evidencing payment of \$2,191,000.00 to Team Tankers AS (“Team Tankers”), the vessel owner, on December 4, 2006. Annexed hereto as Exhibit 2 is the wire transfer record evidencing payment of \$1,309,000.00 to defendant Advanced Engineering Development Ltd. (“Advanced”) on December 5, 2006. Annexed hereto as Exhibit 3 is the wire transfer record evidencing payment of \$14,433,192.57 to PDVSA on December 19, 2006. This totals \$17,933,192.57.

5. As further explained in this Affidavit, plaintiff's payment to Team Tankers, the ocean carrier, was made solely as an accommodation to Advanced and as a partial payment of the agreed price for the cargo. Plaintiff was NOT contractually liable to pay the cost of shipping the cargo from Venezuela to the destination. Plaintiff did not charter the vessel and is not a party to the charter party (contract of shipment). It is plaintiff's understanding that the charterer was Advanced. The agreed price was the cargo of oil “on Delivered basis.” Contract (Complaint, Exh. 1), page 1, at “Price”. This is further reflected in the fact that the only additional charge that the purchaser (plaintiff) might have to bear, per the contract, was demurrage (delay damages) at the discharge port. Id., p. 2, at “Demurrage.” Any demurrage at the port of origin was not plaintiff's responsibility.

6. As it happened, demurrage at the port of origin was significant in this case. It is plaintiff's understanding that this cargo of oil had already been sold to another buyer and loaded

on board in Venezuela when that transaction was cancelled. Plaintiff was then contacted with the opportunity to purchase the cargo. The vessel carrying the cargo was idle in port in Venezuela for some time before we proceeded. Any expenses arising due to that delay were the responsibility of the sellers, not of plaintiff.

7. The Court may wish to note the heading of the original contract of sale (Complaint, Exh. 1, p. 1), which refers to and identifies the seller as follows:

Advanced Engineering Development Ltd.
Ur. Guadalmina Alta Ed Barclays Local 4
San Pedro, Marbella, Malaga Spain 29678\
INTRAKAM/ PDVSA OPERATOR
(Hereinafter Referred to as "Seller")

The contract was prepared by Advanced. Plaintiff was told that Intrakam was an agent or broker of PDVSA handling sales to foreign, private (non-governmental) entities, and that Advanced was acting for Intrakam and PDVSA.

8. As the vessel approached the destination, Advanced advised plaintiff that the charges to be invoiced by the carrier (Team Tankers) to Advanced were greater than anticipated. Annexed hereto as Exhibit 4 is a copy of an ocean freight invoice issued by Team Tankers to Advanced on November 22, 2006, reflecting shipping charges of \$1,366,000.00 and delay damages (demurrage) of \$825,000.00, for a total of \$2,191,000.00. (This demurrage was incurred at the origin of the voyage, not at the destination.) Advanced asked plaintiff to pay this invoice, as an accommodation to Advanced, in order for Team Tankers to discharge the cargo.¹ Plaintiff and Advanced agreed that this sum was to be credited toward the purchase price of the cargo. In other words, plaintiff would simply advance this sum as partial payment of the total

¹ The vessel owner was not required to offload the cargo at the destination until all shipping charges had been paid. This is what is meant by the term of payment, "Before Breaking Bulk" (BBB), on Team Tankers' invoice, Exh. 4.

price, and the balance due by plaintiff to Advanced and PDVSA would be reduced by that amount. Plaintiff agreed to this proposal because it appeared that there was no other way to get the cargo off-loaded.

9. Advanced then prepared the contract amendment (Complaint Exh. 3). Pursuant to the original contract (Complaint Exh. 1), Advanced was to be paid \$61 per metric ton, or about \$2.2 million, and PDVSA was to receive the remainder, about \$15.7 million. It had been plaintiff's understanding that Advanced would pay the carrier's charges from its fee. However, to reflect the revised agreement, where Musket would advance the shipping charges on behalf of Advanced against the contract price, the amendment reflected that the total purchase price of approximately \$17,930,000 (subject to final reckoning, based on the actual quantity of oil off-loaded) would be divided as follows: approximately \$14,430,000 to be paid to PDVSA; \$1,309,000 to Advanced; and \$2,191,000 to Team Tankers. Advanced did not reveal to us the basis for the change in the allocation of the sales price between itself and PDVSA.

10. Musket was advised by Advanced that there was no need to contact PDVSA with regard to the contract amendment. Musket was assured that Advanced acted with full authority.

11. I am advised that, at a court conference held on January 5, 2007, lawyers for PDVSA referred to two documents: (1) an unsigned amended letter of credit application, which states that plaintiff will pay PDVSA "on behalf of the company Intrakam SA," and (2) an invoice from PDVSA to Intrakam. Copies of these documents, as presented in court, are annexed hereto as Exhibits 5 and 6, respectively.

12. On November 15, 2006 – shortly after the original contract was made, and the letter of credit was obtained – a representative of PDVSA contacted plaintiff, Advanced and Intrakam by email and indicated that the letter of credit documentation needed to be amended.

Apparently PDVSA's position is that it does not sell oil directly to purchasers, but does so only through "operators" (agents) such as Intrakam. Accordingly, PDVSA asked that the letter of credit be altered to state that plaintiff was making payment to PDVSA "on behalf of" Intrakam. A copy of this e-mail is annexed hereto as Exhibit 7. The requested change appears to be some sort of legal fiction required for PDVSA's internal needs. Plaintiff agreed to this amendment of the Letter of Credit. However, this does not change the underlying transaction in any respect.

13. This communication establish that PDVSA was fully aware of Advanced's role in the transaction. The address "a.engineering@terra.es" which appears in the "cc" header of the PDVSA e-mail (Exh. 7) is an email address of Advanced.

14. As far as I can determine, plaintiff was never advised that PDVSA had approved the amendment to the letter of credit, as the form of amendment requires.

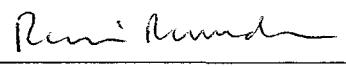
15. The second document which I am advised was shown to the Court by PDVSA's lawyers is an invoice dated December 12, 2006 from PDVSA to Intrakam, in the amount of \$15,992,694.88, for the cargo of oil purchased by plaintiff (Exh. 6 hereto). Plaintiff does not understand how this amount is derived. The "rate" (price term) does not correspond to the actual price per barrel, even taking into account any agreed deduction for Advanced.

16. The difference between the amount of the PDVSA-Intrakam invoice, and the amount that plaintiff paid to PDVSA by wire transfer on December 19, 2006 (\$14,433,192.57), is \$1,559,502.31. The amount that PDVSA drew down under the letter of credit, and which is subject to the Order of Attachment, is a larger sum, \$1,561,061.50. (This difference probably reflects PDVSA charging Musket for interest.)

17. The PDVSA invoice to Intrakam is not relevant to plaintiff. Plaintiff did not agree to pay Intrakam, or to pay a PDVSA invoice issued to Intrakam. Per the contract, as

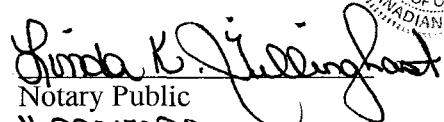
amended, plaintiff's obligation was to pay \$14,433,192.57 to PDVSA (i.e., the total cost of the cargo, as agreed, less the payments made to Advanced and Team Tankers). Plaintiff is not privy to the arrangements between and among PDVSA, Advanced and Intrakam. If Intrakam and/or Advanced is required to make up the difference to PDVSA, that is not plaintiff's responsibility. Plaintiff paid in full for the cargo; that is the extent of its responsibility. PDVSA's attempt to help itself to a further payment, of over \$1.5 million of plaintiff's money, is baseless.

WHEREFORE, plaintiff respectfully requests that the Court confirm the Order of Attachment.


Ravi Ramdas

Sworn to before me this
15th day of January, 2007




Linda K. Tillinghast
Notary Public
#99011090

Transaction Search Details

Transaction Date:	12/4/2006	Status:	COMPLETED TRANSACTION
Amount:	2191000	Credit Party:	DDA/0011667490
Debit Party:	[REDACTED]	Credit Party:	NORDEA BANK OSLO
	MUSKET CORP		P O BOX 1166
	BOX 26210		SENTRUM-
	OKLAHOMA CITY OK		OSLO NORWAY 0107
	73126		-
Debit Reference:	000000A0455883NW	Credit Reference:	WRE OF 06/12/04
Sequence #:	None		
Transaction Type:	Book Transfer		
JPMorgan Reference:	1156000338Z0		
Payment Details:	IBAN NUMBER NO8360740442611 FOR PAYMENT OF INV NO P 007528 DATED 11-22-2006 TO ADVANCED ENGINEERING DEVELOPMENT LTD SPAIN		
Bank/Bank Info:			
Third Party:	/6074.04.42611	Fourth Party:	
	TEAM TANKERS AS		
Order Party:	MUSKET CORP GENERAL	Order Bank:	
Credit Advice:	Swift	Cr Adv Type:	Payment
Release Time(GMT):	21:23:43	Source:	WRE
Existing Inquiry:	No		

BC	10480770	USD	1,309,000.00 USD	1,309,000.00	ADVANCE ENGINEERING DEVELOPMENT LTD	262504	INTNL	458194	12/5/2006 12:42:21PM
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BANK ONE *The One Net - Wires* (SM)

Today's Bank Confirmed Payments Report - Detail

As of: December 05, 2006 12:44:12 pm

Payment Details

Tran Ref 458194
 Status Confirmed
 Value Date 05 Dec 2006
 Transaction Date 05 Dec 2006
 Payment Amount USD 1,309,000.00
 Debit Amount USD 1,309,000.00
 Rate TBD
 Customer Ref
 Payment Type INTNL
 Pymt Sys Ref. 0574400339ZO
 Settlement Ref 262504
 Template Code
 On Behalf Of

Debit Account Details

Account Name MUSKET CORP GENERAL
 Account No. [REDACTED]
 Short Name MUSKETCO
 Location OK

Beneficiary Details

Account 0251-255055-52
 Name ADVANCE ENGINEERING DEVELOPMENT
 LTD
 Address

Intermediary Bank Details

Routing Code
 Routing Type SWIFT
 Bank Name

Charges

Activity Log

Last Activity	BETTYP	12/5/2006 12:42:21PM
Entered	BETTYP	12/5/2006 11:53:51AM
Modified		
Approved 1	BETTYP	12/5/2006 12:14:05PM
Approved 2	BETTYP	12/5/2006 12:14:05PM
Approved 3	BETTYP	12/5/2006 12:14:05PM

Unapproved

Deleted

Mgr Approved

Released

Reject Reason

12/5/2006 12:14:05PM

Draft Details

Draft Number

Mail To:

Beneficiary Bank Details

Routing Code CRESCHZZ12A
 Bank Name CREDIT SUISSE

Originator Details

Name

ID

Address

Address
 No Address

GENEVA CH

Optional Text

Text to Bene INVOICE NO. 867789 TO MUSKET CORPORATION

Instructions to
 Bene Bank
 Instructions to
 Bank One
 Internal Memo

Print Processed? No
 Reprint Count
 Last Reprint
 Draft Advice

INVOICE NO. 867789 TO MUSKET CORPORATION

BC	10480770	USD	14,433,192.57 USD	14,433,192.57	PDVSA PETROLEO, S.A.	BOOK TRANSFER	DOM	509299	12/19/2006 2:23:23PM
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BANK ONE *The One Net - Wires* (SM)

Today's Bank Confirmed Payments Report - Detail

As of: December 19, 2006 2:27:50 pm

Payment Details

Tran Ref 509299
 Status Confirmed
 Value Date 19 Dec 2006
 Transaction Date 19 Dec 2006
 Payment Amount USD 14,433,192.57
 Debit Amount USD 14,433,192.57
 Rate TBD
 Customer Ref
 Payment Type DOM
 Pymt Sys Ref. 0892500353ZO
 Settlement Ref BOOK TRANSFER
 Template Code
 On Behalf Of

Debit Account Details

Account Name MUSKET CORP GENERAL
 Account No. [REDACTED]
 Short Name MUSKETCO
 Location OK

Beneficiary Details

Account 0011992765
 Name PDVSA PETROLEO, S.A.
 Address

Intermediary Bank Details

Routing Code
 Routing Type Fedwire ABA
 Bank Name

ChargesActivity Log

Last Activity BETTYP 12/19/2006 2:23:23PM
 Entered BETTYP 12/19/2006 2:07:34PM

Modified

Approved 1 BETTYP 12/19/2006 2:08:18PM
 Approved 2 BETTYP 12/19/2006 2:08:18PM
 Approved 3 BETTYP 12/19/2006 2:08:18PM

UnapprovedDeletedMgr ApprovedReleasedReject Reason

12/19/2006 2:09:05PM

Draft DetailsDraft NumberMail To:Beneficiary Bank Details

Routing Code 021000021
 Bank Name JPMORGAN CHASE BANK, NA

Originator Details

Name
 ID
 Address

Address

NEW YORK, NY

Optional Text

Text to Bene PAYMENT UNDER LETTER OF CREDIT NO. CTCS-651908 MUSKET CORPORATION ON BEHALF
 OF INTRAKAM SA DE CV, INV 383222-0

Instructions to
 Bene Bank

Print Processed? No

Instructions to
 Bank One

Reprint Count

Internal Memo

Last Reprint

Draft Advice

PAYMENT UNDER LETTER OF CREDIT NO.
 CTCS-651908 MUSKET CORPORATION ON BEHALF
 OF INTRAKAM SA DE CV, INV 383222-0



TEAM TANKERS AS
OSLO - NORWAY

Mailing Address: P.O. Box 1468 Vika, 0116 Oslo, Norway

Visiting Address: Haakon VII's gt. 1, 0161 Oslo, Norway

Tel: +47 23 11 82 70, Fax: +47 22 83 21 51, Email: teamchartering@sokana.com

Advanced Engineering
Development Ltd Spain
c/o Ares Shipping De Venezuela, CA

PLEASE REFER TO INVOICE NO.
WHEN REMITTING

INVOICE NO. *P*007528

INVOICE DATE 11/22/2006

CUST REF

VESSEL	VOY. NO.	C/P DATE	FIXTURE NO.		
TEAM ANIARA	36	11/20/2006	03059		
TERMS OF PAYMENT		B/L DATE	DUE DATE		
BEFORE BREAKING BULK (BBB)		11/13/2006	12/5/2006		
OCEAN FREIGHT INVOICE			AMOUNT USD		
35,688.940 M CPP \$1,366,000.00-Rotterdam Disch \$ 825,000.00-Damages Incurred		2,191,000.00 L	2,191,000.00		
Load: Punta Cardon Disch: Rotterdam					
Total:	Notice to Debtors		2,191,000.00		
<div style="border: 1px solid black; padding: 10px;"> <p>Please note that pursuant to a factoring agreement dated 12 December 2004, all our account receivables have been pledged to Nordea Bank Norge ASA and from the date hereof, all payments to Team Tankers AS shall be paid to our account with Nordea Bank Norge ASA, account no. 6074.04.42611.</p> </div>					
<p>REMIT TO Nordea Bank Finland plc, New York ABA: 026010786 Swift: NDEAUS3N For further credit to: Nordea Bank Norge ASA, swift NDEANOKK Credit: Team Tankers AS Account Number: 6074.04.42611 (IBAN Number: NO8360740442611)</p> <p style="text-align: right;"></p>					



JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

NOV 17, 2006
OUR L/C NO.: CTCS-651908
APPLICANT REG. NO.: PDVSA-2
AMENDMENT NO.: 1

TO:
PDVSA PETROLEO S.A.
DIVISION CORPORATIVA DE MANUFACTURA
Y MERCADERO EDIF. PDVSA, TORRE OESTE
CARACAS,
VENEZUELA

APPLICANT:
MUSKET CORPORATION ON BEHALF OF THE
COMPANY INTRAKAM SA DE CV
10601 N. PENNSYLVANIA
P.O. BOX 26210
OKLAHOMA CITY, OK 73126

IN ACCORDANCE WITH INSTRUCTIONS RECEIVED, THE ABOVE REFERENCED STANDBY LETTER OF CREDIT HAS BEEN AMENDED AS FOLLOWS:

RECEIVER'S REFERENCE: NONREF

APPLICANT'S NAME AND ADDRESS ARE CHANGED TO
MUSKET CORPORATION ON BEHALF OF THE
COMPANY INTRAKAM SA DE CV
10601 N. PENNSYLVANIA
P.O. BOX 26210
OKLAHOMA CITY, OK 73126

BENEFICIARY'S NAME AND ADDRESS ARE CHANGED TO
PDVSA PETROLEO S.A.
DIVISION CORPORATIVA DE MANUFACTURA
Y MERCADERO EDIF. PDVSA, TORRE OESTE
CARACAS,
VENEZUELA

THE FOLLOWING 2 CONDITIONS ARE ADDED:

WE UNDERSTAND THIS LETTER OF CREDIT IS ISSUED RELATIVE TO CONTRACT
REFERENCE 015INTRAK COVERING THE PURCHASE OF MT35,708 OF D2 DIESEL OIL
BETWEEN PDVSA PETROLEO S.A. AND THE COMPANY INTRAKAM SA DE CV. WE FURTHER
UNDERSTAND THAT INTRAKAM SA DE CV'S ROLE IS AS AN OPERATIVE ON BEHALF OF
PDVSA PETROLEO S.A., ONLY.

THE AMOUNT AVAILABLE FOR DRAWING UNDER THIS LETTER OF CREDIT WILL BE
REDUCED BY THE AMOUNT OF ANY PAYMENTS MADE OUTSIDE THIS LETTER OF CREDIT TO



JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

NOV 17, 2006
OUR L/C NO.: CINC8-651908
APPLICANT REF. NO.: PDVSA-2
AMENDMENT NO.: 1

THE BENEFICIARY IF SUCH PAYMENTS ARE MADE THROUGH JPMORGAN CHASE BANK,
N.A., CHICAGO AND REFERENCE THIS LETTER OF CREDIT.

BENEFICIARY'S SIGNED AND DATED STATEMENT IS CHANGED TO READ AS FOLLOWS:
"WE, PDVSA PETROLEOS, S.A, HEREBY CERTIFY THAT MUSKET CORPORATION ON BEHALF
OF THE COMPANY INTRAKAM SA DE CV HAS FAILED TO PAY US ON DUE DATE THE
AMOUNT OF U.S. \$16,400,000.00 PLUS +/- 10% (SIXTEEN MILLION FOUR HUNDRED
THOUSAND AND 00/100 U.S. DOLLARS PLUS AND MINUS TEN PERCENT) FOR THE
SHIPMENT OF MT35,708 OF D2 DIESEL OIL FROM PUNTA CARDON, VENEZUELA TO
HOUSTON, TEXAS, USA SHIPPED ON VESSEL M/T TEAM ANIARA." THEREFORE, WE
DEMAND PAYMENT OF SAID AMOUNT IN SAME DAY FUNDS VIA WIRE TRANSFER TO OUR
ACCOUNT PDVSA PETROLEO S.A., JPMORGAN CHASE BANK, N.A., NEW YORK 270 PARK
AVE., NEW YORK 10172, ACCOUNT NUMBER 0011992765 ROUTER 02200Q021 SWIFT:
CHASUS33.

ALL AMENDMENT UNDER THIS LETTER OF CREDIT ARE SUBJECT TO THE BENEFICIARY'S
AGREEMENT, AS PER (SELECT ONE) [ARTICLE 9D, UCP 500] OR [RULE 1.06B,
ISP98]. THIS AMENDMENT SHALL NOT BE CONSIDERED OPERATIVE UNLESS THE
BENEFICIARY COMMUNICATES THEIR AGREEMENT TO THE AMENDED TERMS. PLEASE
INDICATE YOUR ACCEPTANCE/REJECTION BY SIGNING AND RETURNING A COPY OF THIS
AMENDMENT TO THE ATTENTION OF STANDBY LETTER OF CREDIT UNIT, 300 S.
RIVERSIDE PLAZA, MAIL CODE IL1-0236, CHICAGO, ILLINOIS 60606-0236.

PDVSA PETROLEO S.A.

ACCEPTED BY: _____
ITS: _____
DATE: _____

REJECTED BY: _____
ITS: _____
DATE: _____

ALL OTHER TERMS AND CONDITIONS OF THE CREDIT REMAIN UNCHANGED.



JPMorgan Chase Bank, N.A.
c/o JPMorgan Treasury Services
Global Trade Services
10420 Highland Manor Drive
Tampa, FL 33610

NOV 17, 2006
OUR L/C NO.: CTCS-651908
APPLICANT REF. NO.: PDVSA-2
AMENDMENT NO.: 1

NOTE: KINDLY SIGNIFY YOUR CONSENT TO THIS AMENDMENT BY SIGNING AND
RETURNING THE ENCLOSED COPY DIRECTLY TO US OR THE ADVISING BANK (IF ONE IS
PRESENT) FOR TRANSMISSION TO US. YOUR IMMEDIATE ATTENTION TO THIS MATTER
WILL BE APPRECIATED IN ORDER THAT WE MAY COMPLETE OUR RECORDS.

Santos M. Abassi
AUTHORIZED SIGNATURE

PDVSA PETROLEO, S.A.
CARACAS, DF 1044

INVOICE

TO: INTRAKAM SA
ATTN: CESAR CHAVEZ ROBLES
COAHUILA

INVOICE NO: 383222-0

FAX: 0052(844)439 0789

PAGE NO. 1
INVOICE SENT DATE: 12-12-06

OUR CONTRACT NO: SA130239

PAYMENT INSTRUCTIONS:

PLEASE REFERENCE INVOICE
JPMORGAN CHASE NEW YORK
270 PARK AVENUE
NEW YORK
NEW YORK, NY 10172
BANK ACCOUNT NO: 0011992765
BANK ASSOC NO: 021000021

NO. RIF: J-001230726

DUE DATE: 12-13-06

CONTACT: CARLOS ORELLANA
PHONE NO: 0212-7084032

PAYMENT TYPE: WIRE

PAYMENT TERMS: 30 DAYS AFTER BILL OF LADING
DATE (B/L DATE = DAY 0)

MOVEMENT: DELIVERY OF DIESEL ON 11/13/2006 FOB ORIGIN
 ORIG LOCATION: PUNTA CARDON, PORT, VENEZUELA
 DEST LOCATION: HOUSTON, PORT, TEXAS, USA
 EXPORTER OF RECORD: PDVSA PETROLEO, S.A.
 SHIPPING: BY VESSEL (TEAM ANIARA) TICKET NUMBER=5855
 CURRENCY USED: US DOLLAR

LINE DESCRIPTION	QTY	UOM	N/G	RATE	AMOUNT
0-1 DIESEL	263.123,	BBL N		60.7803	15.992.694.88
					15.992.694,88

INVOICE TOTAL 15.992.694,88

INVOICE COMMENTS: Payment of the invoice shall be made in U.S. dollars (without discount, allowance, retention or deduction, including banking fees or wire transfers from commercial banks) to the bank and account No. indicated above in same-day-available funds opening business at the City of New York making reference to the invoice number on your remittance.

PAYMENT TO BE RECEIVED UNDER JPMORGAN CHASE NEW YORK. LETTER OF CREDIT NO. CTCS-651908

Betty Proudfoot

From: Betty Proudfoot
Sent: Wednesday, November 15, 2006 2:27 PM
To: 'GILMER GONZALEZ'
Subject: RE: MUSKET - INTRAKAM / LETTER OF CREDIT

We are on the conference call right now.

From: GILMER GONZALEZ [mailto:gonzalezggx@pdvsa.com]
Sent: Wednesday, November 15, 2006 1:58 PM
To: Betty Proudfoot
Cc: DOLORES DOBARRO; CAROLA BEJARANO; a.engineering@terra.es; ARCADIO ROSAS; CESARCHAVEZ@INTRAKAM.COM.MX; MARIA SILVA
Subject: MUSKET - INTRAKAM / LETTER OF CREDIT

Dear Sirs,

As per our phone conversation of today regarding the above reference, we hereby confirm the need of opening a Letter of Credit having as applicant the Company "Musket" on behalf of the Company "Intrakam", due to Intrakam is the registered client in PDVSA, the actual direct buyer and responsible for paying before PDVSA. The use of this statement is commonly practiced in PDVSA with our customers; this procedure also protects all parts involved. We so far haven't had any problems with this practice. According to the above applicant statement, Intrakam would be the only company responsible for any legal claim under the supplying contract and under the warranty and/or letter of credit, so it is needed to get Intrakam involved in the documentation. Since you need some time to contact the adequate approval channels, we here wait for your prompt answer considering we have no time because the loaded vessel has been there for too long, causing operational problems to PDVSA and desperation to the crew.

We hope this problem can be solved as soon as possible since we both intend to keep on building up our business relationship in the future.

Our e-mail addresses: GONZALEZGGX@PDVSA.COM, DOBARRODET@PDVSA.COM and BEJARANOC@PDVSA.COM.
Our phones: 58-212-708.4552 / 708.3999.

Kind regards,

Gilmer G. González G.
International Commerce General Manager
Commerce & Supply
PDVSA Petróleos, S.A.

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